

Making the C&I Sale :

Targeting Businesses and Helping Them Over the Fence

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Agenda

- Why C&I?
- C&I Benchmarks
- C&I Interest
- The Sector Rundown
- Best Marketing Practices for C&I
- Business Case Elements
- Programs Supporting Recognition

RDI Consulting

- ➡ Assessments of wholesale electric and gas markets
- ➡ Project-specific analysis and consulting
- ➡ Power Outlook, Coal Market Research Service, Source to Sink

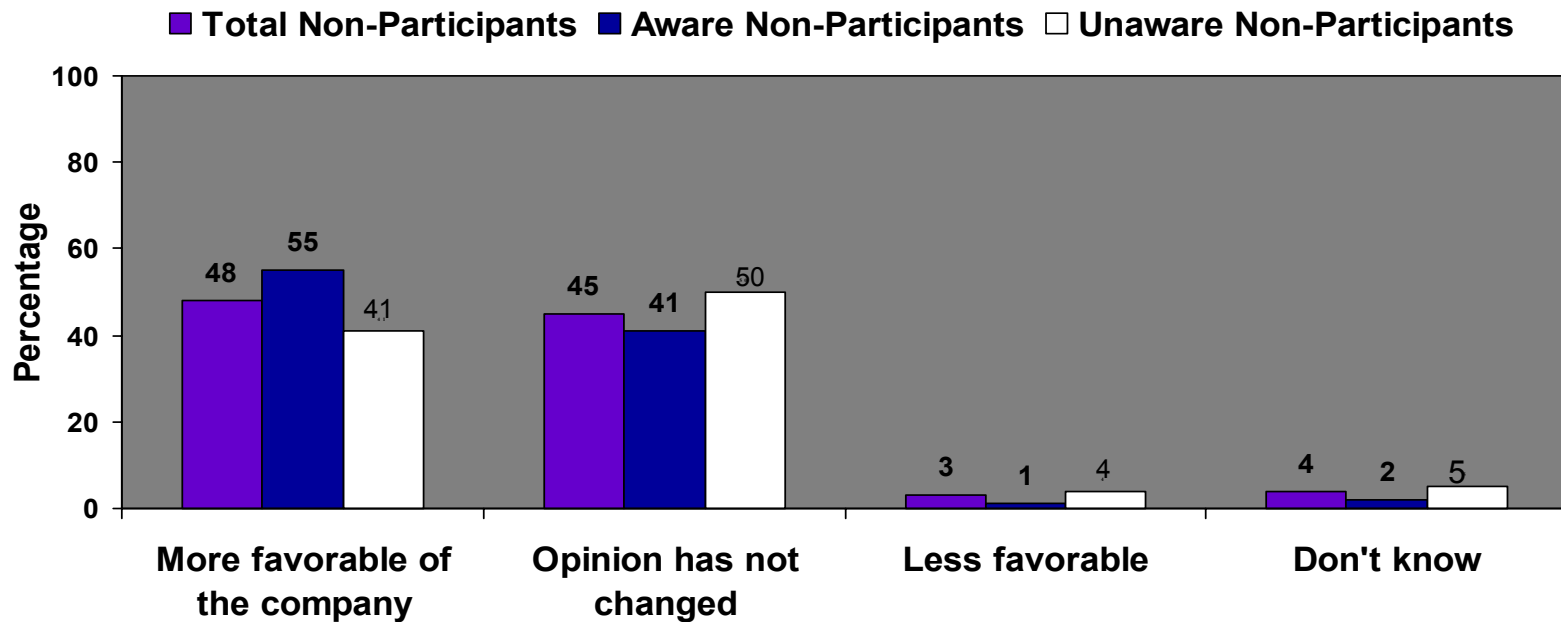
E SOURCE

- ➡ Retail energy markets
- ➡ End-use technologies
- ➡ Specialized retail energy information services, such as:
 - Green Energy Service,
 - Renewable Power Service,
 - Distributed Energy Service,
 - Numerous others

Why C&I?

- For two-thirds of U.S. utilities, the question is still “Why NOT C&I?”
- Residential awareness has been an issue – hovers at 30%; C&I sales have shown some marquee value
- More cost-effective than residential sales
- Cross-selling, relationship building
- Risk mitigation for long term renewable energy PPAs

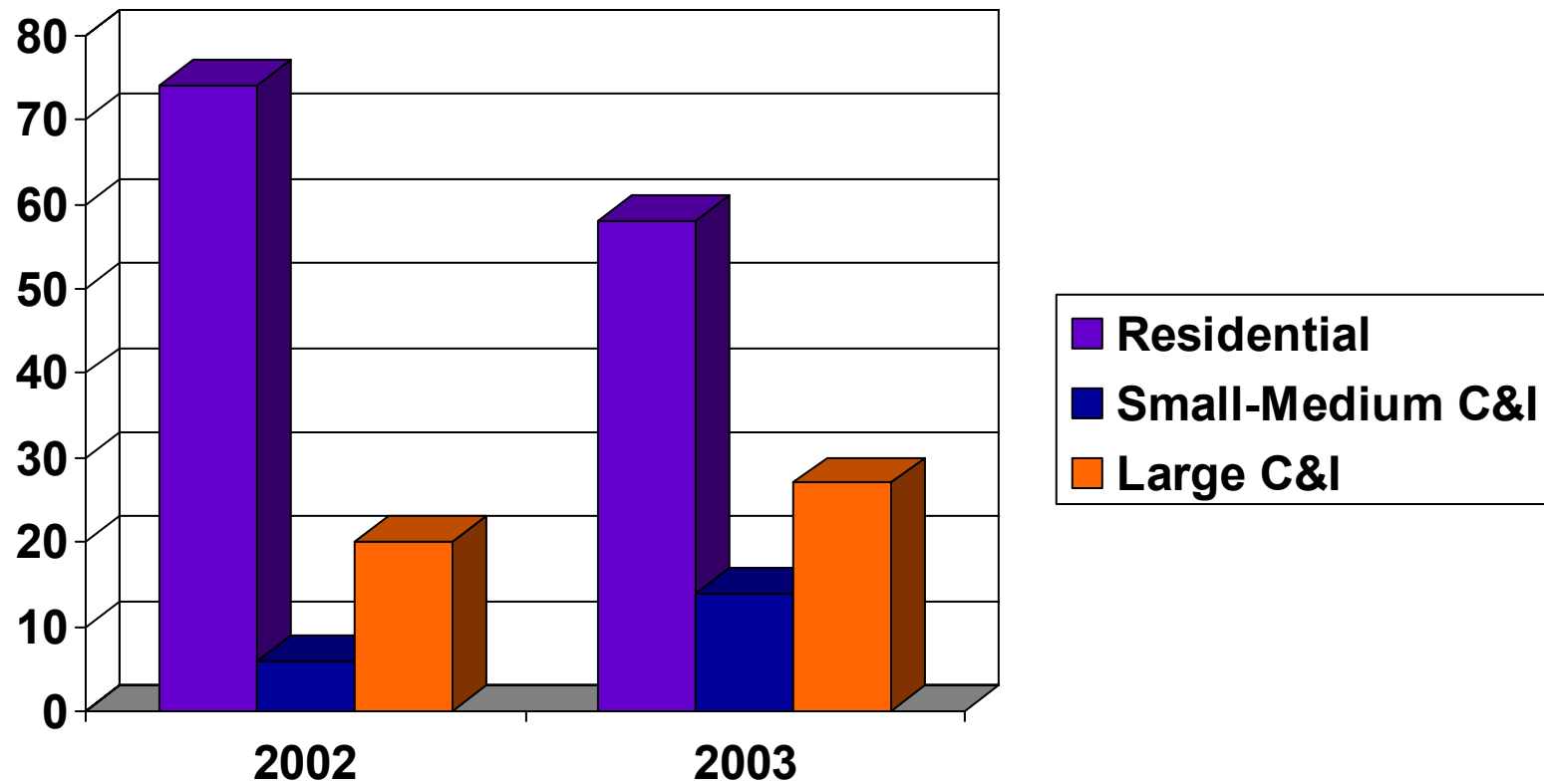
Why C&I? Awareness as an end in itself



C&I Benchmarks

- 50 – 75 businesses
- 10,000 – 20,000 MWh
- 35-40% total green sales
- 6-9 months sales cycle for the largest customers

2002 vs. 2003: Distribution of Green Energy Sales

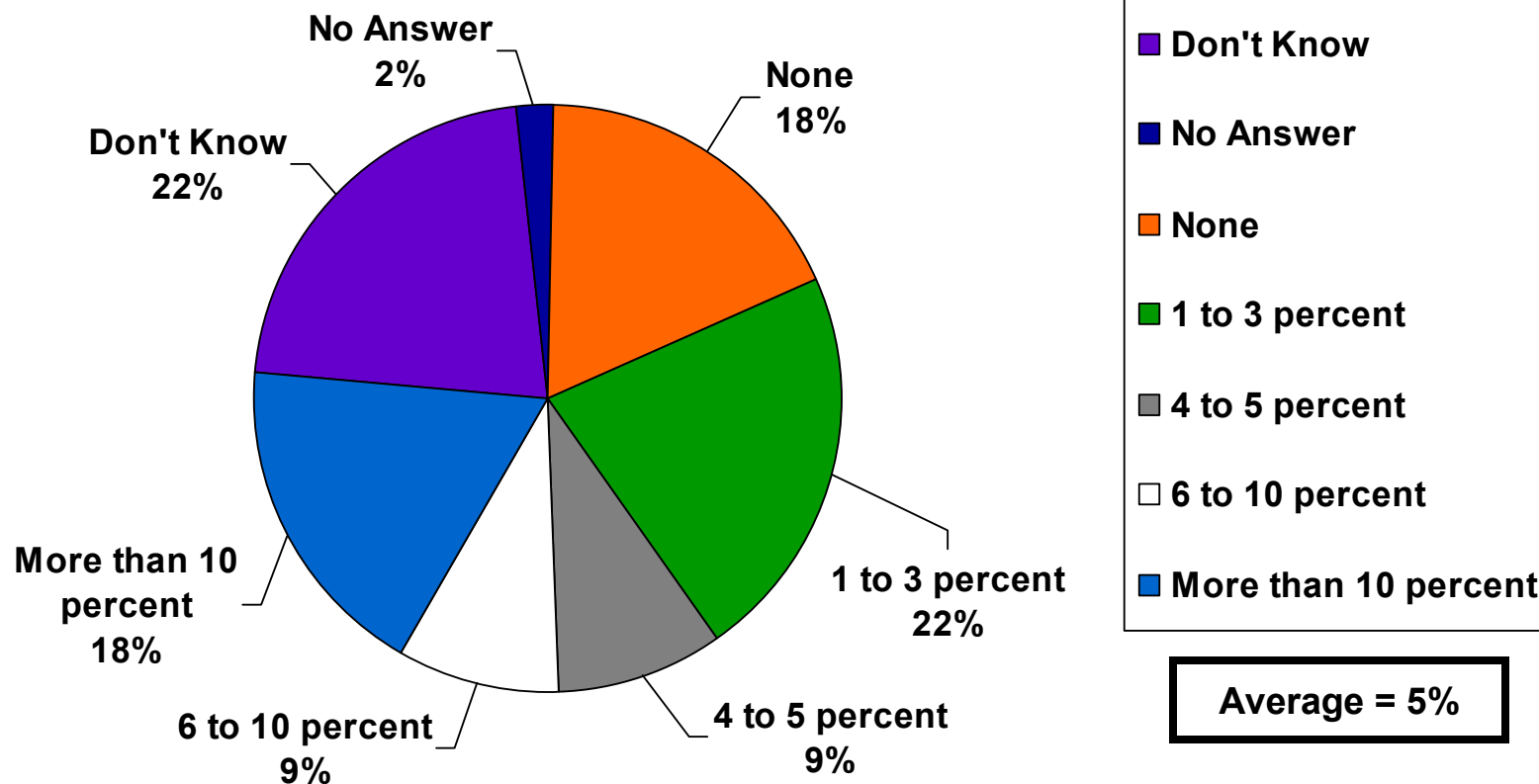


Source: E Source Green Energy Service
Benchmarking Study

C&I Interest: Representative Purchases

Company	Annual Renewables Purchase	Supplier	Renewable Technology
Advanced Micro Devices*	24,000 MWh	Austin Energy	wind
Province of Alberta Infrastructure	210,000 MWh	ENMAX Energy Corporation and Canadian Hydro Developers, Inc.	ENMAX - wind; Canadian Hydro - biomass
Kinko's*	11,000 MWh	LADWP, Portland General Electric, Green Mountain Energy (Regional)	various
Penn State University	18,000 MWh	Community Energy	landfill
State of Maryland	45,000 MWh	Pepco Energy Services	various

C&I Interest: Percentage of Green Energy Demanded if Charged an Additional 2 Cents/ kWh



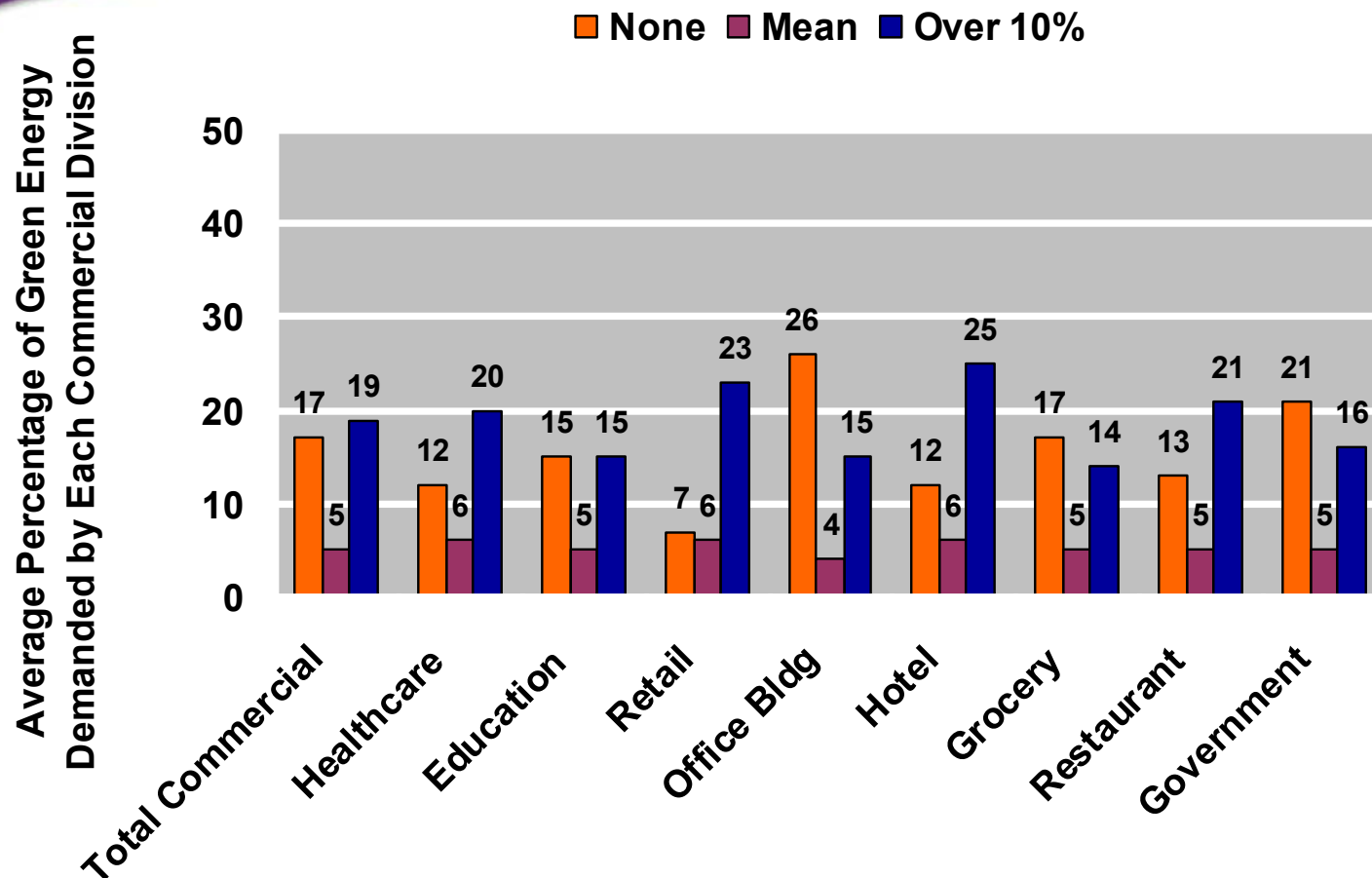
Source: Total Sample; Question 12c

Q12c: If a pricing option were available where you could include green energy into your facility's energy mix within the next two years, and you were charged an additional 2 cents for every kilowatt-hour, what percentage of your total energy would be green energy each month?

Best Sectors

- Companies already buying elsewhere!
- University
- Government
- Sustainable Businesses
- Hospitality
- Retail
- Niche sectors/Bandwagon Effect

Market Interest: Percentage of Green Energy Wanted if Charged an Additional 2 Cents/ kWh



Source: Total Sample; Question 12c

Q12c: If a pricing option were available where you could include green energy into your facility's energy mix within the next two years, and you were charged an additional 2 cents for every kilowatt-hour, what percentage of your total energy would be green energy each month?

Sector Motivators and Programs

- Federal facilities – 2.5 percent Exec Order
- LEED accreditation/green building – <http://usgbc.org/>
- ISO14001 EMS standard - <http://iso14000.com/>
- Businesses motivated to rehab image from “bad acts”

Best C&I Marketing Practices

- **Direct Sales** Where Possible
- **Corporate recognitions** – ad packages, window stickers, EPA and WRI involvement, newsletter mentions
- Establish Your **Minimum Purchase** - 4% of load or \$100/month to qualify for recognitions
- **Incentivize** commercial call center folks
- Obtain **fossil fuel adjustment exemption** for participants and market on that basis in natural gas regions
- Use **Affinity Marketing**
- Push for appropriate **accounting**
- **Block pricing** generally

Business Case Elements

- Public relations/earned media value
- Hedge against fossil fuel price volatility and escalation – portfolio diversity
- Catering to the greens
- Peak shaving
- Employee Morale
- Hedge against emissions regulations
- Energy efficiency/load management bundling

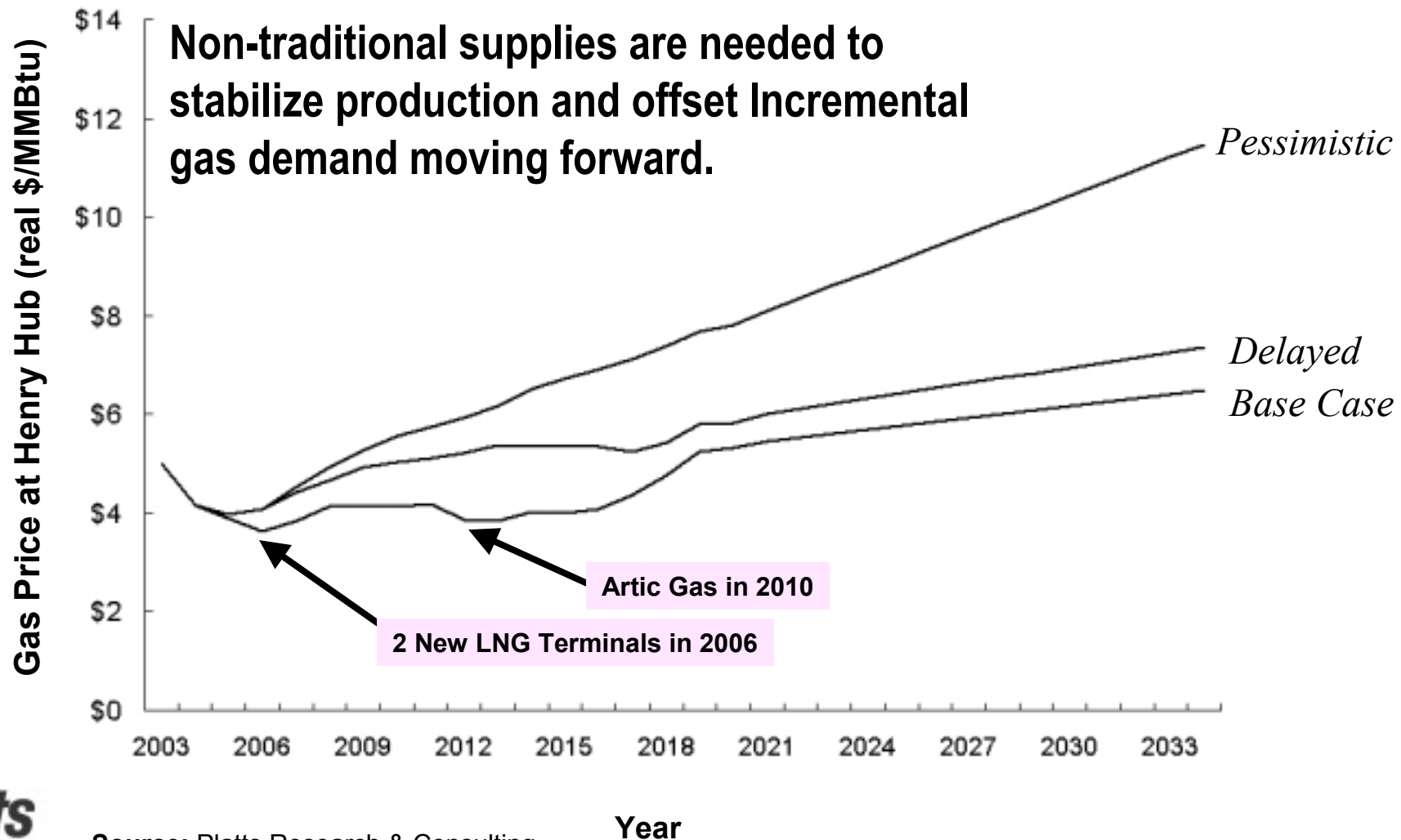
Catering to the Greens –LOHAS Businesses

- The environmental purchaser: 30% of Americans closely follow environmental records of companies
- Health product and service industries
- Green power promotions in packaging
- Even a small boost in sales can more than pay for a sizeable green energy purchase
- Numerous Websites listed in report can help you track down these businesses

Earned Media Example: Community Energy's Sale to Penn State, U.Penn

Media Segment	Name	Ad value	PR Equivalent (Multiplier of 3)
Daily Community Newspaper	The Philadelphia Inquirer	\$250/col. Inch (10 inch avg.)	\$7,500
Community Newspaper	Pittsburgh Post-Gazette	\$200/col. Inch (6 column inches)	\$3,600
University Paper	Daily Pennsylvanian	\$680/half page ad	\$2,040
Radio Station	WHWH-AM 1350	\$50/ minute (3 minutes)	\$450
Television Station	NBC Channel 10	\$2,200 per minute (3 minutes)	\$19,800
Total			\$33,390

Gas Price Scenarios



Programs Supporting Recognition

- Green Power Partners –
<http://www.epa.gov/greenpower/>
- Climate leaders –
<http://www.epa.gov/climateleaders/>
- WRI's Green Power Market Development Group -
<http://www.thegreenpowergroup.org>

Questions?

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